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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, November 2, 1998

APPLICATION OF

PRIME TELECOM POTOMAC, LLC

CASE NO. PUC980112

For a certificate of public
convenience and necessity to
provide local exchange
telecommunications services

FINAL ORDER

On July 31, 1998, Prime Telecom Potomac, LLC ("Prime" or "the Company") filed an application for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia. As part of its application, Prime requested a waiver of § 2.E.1 of the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018 ("Local Rules") requiring audited financial statements to be filed with the application. By Order dated August 14, 1998, the Commission directed the Company to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to such application. By Order dated August 19, 1998, the Commission amended the August 14, 1998 Order for Notice and Hearing and rescheduled the public

hearing on Prime's application from October 14, 1998 to October 15, 1998.

On September 24, 1998, Staff filed its report finding that Prime's application was in compliance with the Commission's Local Rules, except that the financial statements submitted by Prime were unaudited. Based upon its review of Prime's application and the Company's requested waiver of Local Rule § 2.E.1, the Staff determined it would be appropriate to grant a local exchange certificate to Prime subject to two conditions: (1) any customer deposits collected by the Company be retained in an unaffiliated third-party escrow account for such time as the Staff or Commission determines is necessary; and (2) the Company shall provide audited financial statements for Prime or its parent, Prime Communications, LLC, to the Staff no later than one year from the effective date of its initial tariff.

A hearing was conducted on October 15, 1998. Prime filed proof of publication and proof of service as required by the August 14, 1998 Order. At the hearing, the application, the Company's exhibits and Staff's report were entered into the record without objection.

Having considered the application and the Staff's report, the Commission finds that such application should be granted. We also find the Company's request for a waiver of § 2.E.1 of the Local Rules, as it relates to filing audited financials with

the application, should be granted. Although we will require the Company to retain any customer deposits in an unaffiliated third-party escrow account, this requirement should not be interpreted to prevent the Company's normal access to deposits from delinquent terminated accounts. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Prime Telecom Potomac, LLC is hereby granted a certificate of public convenience and necessity, No. T-422 to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Prime shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) Should Prime collect customer deposits, it shall establish and maintain an escrow account, held by an unaffiliated third party, for such funds and shall notify the Commission Staff of the escrow arrangement. Any escrow arrangement established pursuant to this Order shall be maintained for such time as the Staff or the Commission determines necessary.

(4) The Company shall provide audited financial statements for Prime or its parent, Prime Communications, LLC, to the Staff

no later than one year from the effective date of its initial tariff.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.